



Helping People --
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4th Round
Budget Reduction
Department of Health and
Human Services

December 9, 2008

SUMMARY:

The proposed spending reductions out of the Nevada Department of Health and Human Services to help balance the Fiscal Year 2009 budget, based on Assembly Bill 1 and Assembly Bill 2 of the 25th Special Session, is \$54,400,501.

The largest portion of this funding is through a sweep of the Indigent Accident Fund. This accounts for \$25 million. The second largest portion is an \$11.4 million savings in the medication budgets at the Northern and Southern Nevada Adult Mental Health Services facilities. The third largest savings is \$6.8 million that will be realized through a previous implementation of National Drug Codes on outpatient hospitals and physicians.

Detail of all proposals to achieve this savings can be found in the detail provided below. The majority of the reductions will not have a direct affect on service delivery and instead maximize savings through various other methods.

In addition to the actions taken in AB1 and AB2, two additional measures have been agreed to that will be implemented during the regular session of the Legislature scheduled to begin Feb. 2, 2009.

The first of these is a sweep of \$900,000 from the Senior Rx reserve. This money has accumulated over time with reductions in caseload due to fewer enrollees as a result of a Medicare Part D.

The second of these is an \$851,530 reduction in grants that will be awarded to community service providers through the Fund for a Healthy Nevada. Funding for these grants comes through the state's tobacco settlement agreement payments.

Office of Disability Services – Telecommunications Devices for Persons with Communications Difficulties	This money is from revenue generated above the budgeted reserve for this fund. This money is generated by a surcharge of 3 cents per access line to the local exchange of a telephone company. The funding is used to provide telecommunications devices for persons with communications difficulties. NRS was changed by AB 1 to allow the revenue to be used for another purpose.	\$800,000
Office of Disability Services	This savings is generated by restricting new enrollment in programs for personal care, independent living, autism and traumatic brain injuries.	\$500,000
Nevada Youth Training Center	This savings is from open positions being held vacant. This corresponds to the closure of one 20-bed dorm, reducing facility capacity from 160 beds to 140 beds.	\$372,000
Caliente Youth Center	This savings is from open positions being held vacant. This corresponds to the closure of one 20-bed dorm, reducing facility capacity from 140 beds to 120 beds.	\$400,000
Division of Child & Family Services	This savings is from open positions being held vacant in the division's information technology budget.	\$112,000
Division for Aging Services – ESP/Homemaker Services	This savings is found by holding the number of hours provided by family support workers to 20 hours per week and backfilling the workload with contract employees at a lesser cost. There is no reduction in service to clients. Positions will also be held open as they become vacant.	\$350,000

Indigent Accident Fund	This fund was created to pay the medical costs generated by people injured in motor vehicle accidents or who have catastrophic hospitalization costs that do not have a way to pay their bills. The revenue is generated by property tax levies, the proceeds of which are directed to this account. Revenue is generally distributed to healthcare providers based on claims. This money is currently not being leveraged for federal matching dollars. This revenue will be used to help maintain current Medicaid services.	\$25,000,000
Medicaid – National Drug Code Utilization	The state previously implemented the use of National Drug Codes for outpatient hospitals and physicians. This revenue will come from an unanticipated savings through lower payments made for drugs through the federal guidelines.	\$6,800,000
Medicaid – Shift Medicare Clawback Payments to the Counties	The state has started invoicing the counties for their share of the Medicare Part D payment to the federal government. This is already the counties' responsibility in state law, but until now the state has not billed these charges.	\$1,490,536
Medicaid – Personal Care Attendants	Previous action reducing funding for personal care attendants through Medicaid is expected to create additional, unanticipated savings because it has affected more clients than expected.	\$2,200,000
Senior Tax Assistance/Rent Rebate Program	The Division for Aging Services estimates an ending fund balance in the program that can be utilized to help balance the budget shortfall. This savings was created through a previous Interim Finance Committee policy decision to reduce the average rebate by \$44.	\$450,000
Senior Rx	This is an additional savings of \$900,000 that can be taken from the program's reserve account without affecting program clients.	\$900,000

TANF – Qualifying State Contingency	Temporary Assistance for Needy Families contingency funding can be utilized in lieu of state general funds under federal rules.	\$3,950,000
Welfare & Supportive Services Division One Shot Funding	This pulls back remaining one shot appropriations approved during the 2007 budget process to replace computers and software. Unspent reversions will be utilized to balance the current shortfall.	\$208,397
Welfare & Supportive Services Division Child Support Assistance	This action would reduce the ending fund balance for the child support enforcement account. The action would have no affect on the existing program but reduces money available for the division to respond to the Maximus Audit.	\$250,000
Mental Health & Developmental Services Division – Medication	This savings is found through a combination of factors, but primarily: getting more drugs free from manufacturers, a larger-than-expected inventory of medications that can be drawn down instead of purchasing new, and doing a better job identifying individuals who are able to use Medicare or Medicaid to pay for their medications.	\$11,399,311
Health Division – Immunization Registry	This item reduces the overall appropriation for creating the Web-based Immunization Registry. The division advises that there will be no affect on the program.	\$118,257
Fund for a Healthy Nevada	This fund is created out of the state’s tobacco settlement agreement payments. Part of this funding is paid out in grants to local community service providers for programs like tobacco cessation, children’s health and disability services. Grants to these service providers will be reduced by this amount in Fiscal Year 2010, and no additional cuts will be made to grantees for Fiscal Year 2009.	\$851,530
		TOTAL - \$56,152,031